

Message Text

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ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 EA-11 FRB-02 INR-10 NEA-10 NSAE-00 RSC-01

OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08

SCI-06 EPA-04 CEQ-02 AGR-20 L-03 SCEM-02 INT-08

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E. O. 116 52: N/A

TAGS: ETRD, OECD

SUBJECT: TRADE COMMITTEE WORKING PARTY: IMPACT OF INTERNAL
POLICIES ON TRADE

REFS: (A) USOECD 16022

(B) TFD/ TD/718

SUMMARY. TCWP SHOWED INTEREST IN EXAMINING
TRADE- DISTORTING EFFECTS OF INDUSTRIAL POLICIES. WP
WILL INFORM ITSELF ON OECD ENVIRONMENT, CONSUMER PROTECTION
AND RESTRICTIVE BUSINESS ACTIVITIES RELEVANT
TO TRADE DISTORTIONS. SOME OTHER POLICY AREAS (AGRI-
CULTURE, ENERGY) WERE RECOGNIZED AS IMPORTANT
THOUGH EARLY EXAMINATION NOT PRACTICABLE IN THIS CON-
TEXT. DISCUSSION TO RESUME IN SEPTEMBER ON BASIS
ALL OF REF (B) AND NEW DOCUMENTATION. END SUMMARY.

2. TCWP, WITH MOST DELEGATIONS UNINSTRUCTED, HELD
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INFORMAL DISCUSSION OF PART II OF REF (B) JUNE 20.
OBJECTIVE WAS TO MOVE TOWARD SELECTION OF SPECIFIC
INTERNAL POLICY AREAS OF PARTICULAR SIGNIFICANCE FROM
TRADE STANDPOINT THAT SHOULD BE EXAMINED. ALTHOUGH
REF (B) REFERENCES TO POLICY OBJECTIVES ELICITED SOME
CRITICISMS, WP AGREED THAT TRADE DISTORTION EFFECTS
RATHER THAN POLICY OBJECTIVES WERE SUBJECT OF EXAMINATION.

3. WP CAME TO CONSENSUS THAT INDUSTRIAL POLICY LIKELY
TO BE MOST FRUITFUL POLICY AREA FOR EXAMINATION. SOME
ASPECTS OF OTHER POLICY AREAS (SUCH AS ENERGY AND
REGIONAL POLICIES) MIGHT BE INCLUDED IN SUCH STUDY
HOWEVER, ATTEMPT TO DEFINE INDUSTRIAL
POLICY FOR PURPOSES OF EXAMINATION WAS LEFT TO SECRE-
TARIAT AND TO NEXT TCWP MEETING THIS SUBJECT.

4. WP PLACED AGRICULTURE, ENERGY, AND RAW MATERIALS
POLICIES IN SECOND CATEGORY, IMPORTANT IN TRADE TERMS
BUT NOT TO BE SUBJECT OF CLOSE EXAMINATION IN THIS
CONTEXT IN NEAR FUTURE. FISCAL POLICY WAS CONSIDERED
IMPORTANT AS INSTRUMENT RATHER THAN AS
SEPERATE POLICY AREA.

5. THERE WAS SOME INTEREST (NORWAY AND NETHERLANDS,
LATTER ON INSTRUCTIONS) IN EXAMINING TRADE EFFECTS
OF TRANSPORT POLICIES. FOCUS OF INTEREST SEEMED TO
BE ON INTRA- EUROPEAN TRANSPORT INCLUDING ROAD
TRANSPORT. OTHERS FELT THIS WOULD NOT BE PRODUCTIVE
AREA FOR EXAMINATION.

6. WP AGREED CLOSE WATCHING BRIEF WAS APPROPRIATE
FOR ENVIRONMENT POLICIES, BECAUSE ENVIRONMENT COMMITTEE
TO DATE HAS BEEN LARGELY TRADE- ORIENTED IN ITS ACTIVITIES.
US REP SUGGESTED TC BECOME INVOLVED IN FIRST
ENVIRONMENT COMMITTEE EXAMINATION OF A NATIONAL ENVIRON-
MENT POLICY (OF SWEDEN).

7. WP FELT IT SHOULD SIMILARLY KEEP UNDER REVIEW
RELEVANT ACTIVITIES OF CONSUMER POLICY COMMITTEE AND
RESTRICTIVE BUSINESS PRACTICES COMMITTEE. THERE WAS
NO CONSENSUS ON REGIONAL POLICY, ALTHOUGH NETHERLANDS
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DEL WAS HELPFUL IN BRINGING ATTENTION TO PROBLEM OF
TRADE- DIVERTING INVESTMENT. WP AGREED THAT MANPOWER
AND TECHNOLOGICAL POLICIES SHOULD RECEIVE RELATIVELY
LOW PRIORITY.

8. WP AGREED THAT SECRETARIAT SHOULD DRAW ON DISCUSSION
IN PREPARING NEW PAPER. SECRETARIAT WILL ALSO REVIEW

RELEVANT ACTIVITIES IN OTHER COMMITTEES. TCWP WILL MEET AGAIN BEFORE NEXT TRADE COMMITTEE MEETING TO CONSIDER NEW PAPERS AND REF (B) (PART I WAS WELL AS PART 11) WITH OBJECTIVE OF REPORT WITH RECOMMENDATION TO TRADE COMMITTEE. DATE SET TENTATIVELY AS SEPTEMBER 27, WITH POSSIBILITY OF CONTINUATION SEPTEMBER 28.

9. COMMENT: " INDUSTRIAL POLICY" IS BROAD FIELD UNDER WHICH, AS WP RECOGNIZED, MANY POLICY AREAS AND POLICY INSTRUMENTS CAN BE TOUCHED UPON. IT WOULD BE USEFUL TO HAVE WASHINGTON THINKING SOON ON WHAT US WOULD FEEL IT APPROPRIATE TO EMPHASIZE. FOR INSTANCE, WE MIGHT WISH TO FOCUS ON STANDARDS, BUT IT WOULD BE IMPORTANT TO DESCRIBE CLEARLY HOW SUCH EXAMINATION WOULD COMPLEMENT RATHER THAN DUPLICATE GATT EXERCISES; FRENCH REP, AT LEAST, IS HIGHLY SENSITIVE TO THIS PROBLEM.

10. TCWP SHOWED SOME SKEPTICISM AS TO WHETHER MEANINGFUL EXAMINATION OF DISTORTIONS ARISING FROM SPECIFIC POLICY AREAS WOULD BE POSSIBLE. AUSTRIAN DEL IN THIS CONNECTION ASKED WHAT WAS STATUS OF US PROPOSAL, TC(73)9. US REP REPLIED OUR OBJECTIVES REMAIN AS INDICATED, THAT TC EXPLORE POSSIBILITY OF DEVELOPING SET OF PRINCIPLES. WE BELIEVE THIS OBJECTIVE SHOULD BE KEPT IN FRONT OF TC AND TCWP. WE SHOULD HAVE OPPORTUNITY TO DO SO IN FURTHER DISCUSSION AT SEPTEMBER TCWP MEETING.

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